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Imperialism, the Highest Stage of Capitalism

1916

Chapter VII

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We must now try to sum up, to draw together the threads of what has been said above on the subject of imperialism. Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general. But capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental characteristics began to change into their opposites, when the features of the epoch of transition from capitalism to a higher social and economic system had taken shape and revealed themselves in all spheres. Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly. Free competition is the basic feature of capitalism, and of commodity production generally; monopoly is the exact opposite of free competition, but we have seen the latter being transformed into monopoly before our eyes, creating large-scale industry and forcing out small industry, replacing large-scale by still larger-scale industry, and carrying concentration of production and capital to the point where out of it has grown and is growing monopoly: cartels, syndicates and trusts, and merging with them, the capital of a dozen or so banks, which manipulate thousands of millions. At the same time the monopolies, which have grown out of free competition, do not eliminate the latter, but exist above it and alongside it, and thereby give rise to a number of very acute, intense antagonisms, frictions and conflicts. Monopoly is the transition from capitalism to a higher system.

If it were necessary to give the briefest possible definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism. Such a definition would include what is most important, for, on the one hand, finance capital is the bank capital of a few very big monopolist banks, merged with the capital of the monopolist associations of industrialists; and, on the other hand, the division of the world is the transition from a colonial policy which has extended without hindrance to territories unseized by any capitalist power, to a colonial policy of monopolist possession of the territory of the world, which has been completely divided up.

But very brief definitions, although convenient, for they sum up the main points, are nevertheless inadequate, since we have to deduce from them some especially

important features of the phenomenon that has to be defined. And so, without forgetting the conditional and relative value of all definitions in general, which can never embrace all the concatenations of a phenomenon in its full development, we must give a definition of imperialism that will include the following five of its basic features:

(1) the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life; (2) the merging of bank capital with industrial capital, and the creation, on the basis of this "finance capital", of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires exceptional importance; (4) the formation of international monopolist capitalist associations which share the world among themselves, and (5) the territorial division of the whole world among the biggest capitalist powers is completed. Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed.

We shall see later that imperialism can and must be defined differently if we bear in mind not only the basic, purely economic concepts — to which the above definition is limited — but also the historical place of this stage of capitalism in relation to capitalism in general, or the relation between imperialism and the two main trends in the working-class movement. The thing to be noted at this point is that imperialism, as interpreted above, undoubtedly represents a special stage in the development of capitalism. To enable the reader to obtain the most well-grounded idea of imperialism, I deliberately tried to quote as extensively as possible *bourgeois* economists who have to admit the particularly incontrovertible facts concerning the latest stage of capitalist economy. With the same object in view, I have quoted detailed statistics which enable one to see to what degree bank capital, etc., has grown, in what precisely the transformation of quantity into quality, of developed capitalism into imperialism, was expressed. Needless to say, of course, all boundaries in nature and in society are conventional and changeable, and it would be absurd to argue, for example, about the particular year or decade in which imperialism "definitely" became established.

In the matter of defining imperialism, however, we have to enter into controversy, primarily, with Karl Kautsky, the principal Marxist theoretician of the epoch of the so-called Second International — that is, of the twenty-five years between 1889 and 1914. The fundamental ideas expressed in our definition of imperialism were very resolutely attacked by Kautsky in 1915, and even in November 1914, when he said

that imperialism must not be regarded as a "phase" or stage of economy, but as a policy, a definite policy "preferred" by finance capital; that imperialism must not be "identified" with "present-day capitalism"; that if imperialism is to be understood to mean "all the phenomena of present-day capitalism" — cartels, protection, the domination of the financiers, and colonial policy — then the question as to whether imperialism is necessary to capitalism becomes reduced to the "flattest tautology", because, in that case, "imperialism is naturally a vital necessity for capitalism", and so on. The best way to present Kautsky's idea is to quote his own definition of imperialism, which is diametrically opposed to the substance of the ideas which I have set forth (for the objections coming from the camp of the German Marxists, who have been advocating similar ideas for many years already, have been long known to Kautsky as the objections of a definite trend in Marxism).

Kautsky's definition is as follows:

"Imperialism is a product of highly developed industrial capitalism. It consists in the striving of every industrial capitalist nation to bring under its control or to annex all large areas of *agrarian* [Kautsky's italics] territory, irrespective of what nations inhabit it."^[1]

This definition is of no use at all because it one-sidedly, i.e., arbitrarily, singles out only the national question (although the latter is extremely important in itself as well as in its relation to imperialism), it arbitrarily and *inaccurately* connects this question *only* with industrial capital in the countries which annex other nations, and in an equally arbitrary and inaccurate manner pushes into the forefront the annexation of agrarian regions.

Imperialism is a striving for annexations — this is what the *political* part of Kautsky's definition amounts to. It is correct, but very incomplete, for politically, imperialism is, in general, a striving towards violence and reaction. For the moment, however, we are interested in the *economic* aspect of the question, which Kautsky *himself* introduced into his definition. The inaccuracies in Kautsky's definition are glaring. The characteristic feature of imperialism is not industrial *but* finance capital. It is not an accident that in France it was precisely the extraordinarily rapid development of *finance* capital, and the weakening of industrial capital, that from the eighties onwards gave rise to the extreme intensification of annexationist (colonial) policy. The characteristic feature of imperialism is precisely that it strives to annex *not only* agrarian territories, but even most highly industrialised regions (German appetite for Belgium; French appetite for Lorraine), because (1) the fact that the world is already partitioned obliges those contemplating a *redivision* to reach out for *every kind* of territory, and (2) an essential feature of imperialism is the rivalry between several great powers in the striving for hegemony, i.e., for the conquest of territory,

not so much directly for themselves as to weaken the adversary and undermine *his* hegemony. (Belgium is particularly important for Germany as a base for operations against Britain; Britain needs Baghdad as a base for operations against Germany, etc.)

Kautsky refers especially — and repeatedly — to English writers who, he alleges, have given a purely political meaning to the word "imperialism" in the sense that he, Kautsky, understands it. We take up the work by the English writer Hobson, *Imperialism*, which appeared in 1902, and there we read:

"The new imperialism differs from the older, first, in substituting for the ambition of a single growing empire the theory and the practice of competing empires, each motivated by similar lusts of political aggrandisement and commercial gain; secondly, in the dominance of financial or investing over mercantile interests." [2]

We see that Kautsky is absolutely wrong in referring to English writers generally (unless he meant the vulgar English imperialists, or the avowed apologists for imperialism). We see that Kautsky, while claiming that he continues to advocate Marxism, as a matter of fact takes a step backward compared with the *social-liberal* Hobson, who *more correctly* takes into account two "historically concrete" (Kautsky's definition is a mockery of historical concreteness!) features of modern imperialism: (1) the competition between *several* imperialisms, and (2) the predominance of the financier over the merchant. If it is chiefly a question of the annexation of agrarian countries by industrial countries, then the role of the merchant is put in the forefront.

Kautsky's definition is not only wrong and un-Marxist. It serves as a basis for a whole system of views which signify a rupture with Marxist theory and Marxist practice all along the line. I shall refer to this later. The argument about words which Kautsky raises as to whether the latest stage of capitalism should be called imperialism or the stage of finance capital is not worth serious attention. Call it what you will, it makes no difference. The essence of the matter is that Kautsky detaches the politics of imperialism from its economics, speaks of annexations as being a policy "preferred" by finance capital, and opposes to it another bourgeois policy which, he alleges, is possible on this very same basis of finance capital. It follows, then, that monopolies in the economy are compatible with non-monopolistic, non-violent, non-annexationist methods in politics. It follows, then, that the territorial division of the world, which was completed during this very epoch of finance capital, and which constitutes the basis of the present peculiar forms of rivalry between the biggest capitalist states, is compatible with a non-imperialist policy. The result is a slurring-over and a blunting of the most profound

contradictions of the latest stage of capitalism, instead of an exposure of their depth; the result is bourgeois reformism instead of Marxism.

Kautsky enters into controversy with the German apologist of imperialism and annexations, Cunow, who clumsily and cynically argues that imperialism is present-day capitalism; the development of capitalism is inevitable and progressive; therefore imperialism is progressive; therefore, we should grovel before it and glorify it! This is something like the caricature of the Russian Marxists which the Narodniks drew in 1894-95. They argued: if the Marxists believe that capitalism is inevitable in Russia, that it is progressive, then they ought to open a tavern and begin to implant capitalism! Kautsky's reply to Cunow is as follows: imperialism is not present-day capitalism; it is only one of the forms of the policy of present-day capitalism. This policy we can and should fight, fight imperialism, annexations, etc.

The reply seems quite plausible, but in effect it is a more subtle and more disguised (and therefore more dangerous) advocacy of conciliation with imperialism, because a "fight" against the policy of the trusts and banks that does not affect the economic basis of the trusts and banks is mere bourgeois reformism and pacifism, the benevolent and innocent expression of pious wishes. Evasion of existing contradictions, forgetting the most important of them, instead of revealing their full depth — such is Kautsky's theory, which has nothing in common with Marxism. Naturally, such a "theory" can only serve the purpose of advocating unity with the Cunows!

"From the purely economic point of view," writes Kautsky, "it is not impossible that capitalism will yet go through a new phase, that of the extension of the policy of the cartels to foreign policy, the phase of ultra-imperialism," [\[3\]](#) i.e., of a superimperialism, of a union of the imperialisms of the whole world and not struggles among them, a phase when wars shall cease under capitalism, a phase of "the joint exploitation of the world by internationally united finance capital". [\[4\]](#)

We shall have to deal with this "theory of ultra-imperialism" later on in order to show in detail how decisively and completely it breaks with Marxism. At present, in keeping with the general plan of the present work, we must examine the exact economic data on this question. "From the purely economic point of view", is "ultra-imperialism" possible, or is it ultra-nonsense?

If the purely economic point of view is meant to be a "pure" abstraction, then all that can be said reduces itself to the following proposition: development is proceeding towards monopolies, hence, towards a single world monopoly, towards a single world trust. This is indisputable, but it is also as completely meaningless as is the statement that "development is proceeding" towards the manufacture of

foodstuffs in laboratories. In this sense the "theory" of ultra-imperialism is no less absurd than a "theory of ultra- agriculture" would be.

If, however, we are discussing the "purely economic" conditions of the epoch of finance capital as a historically concrete epoch which began at the turn of the twentieth century, then the best reply that one can make to the lifeless abstractions of "ultraimperialism" (which serve exclusively a most reactionary aim: that of diverting attention from the depth of *existing* antagonisms) is to contrast them with the concrete economic realities of the present-day world economy. Kautsky's utterly meaningless talk about ultra-imperialism encourages, among other things, that profoundly mistaken idea which only brings grist to the mill of the apologists of imperialism, i.e., that the rule of finance capital *lessens* the unevenness and contradictions inherent in the world economy, whereas in reality it increases them.

R. Calwer, in his little book, *An Introduction to the World Economy*,^[5] made an attempt to summarise the main, purely economic, data that enable one to obtain a concrete picture of the internal relations of the world economy at the turn of the twentieth century. He divides the world into five "main economic areas", as follows: (1) Central Europe (the whole of Europe with the exception of Russia and Great Britain); (2) Great Britain; (3) Russia; (4) Eastern Asia; (5) America; he includes the colonies in the "areas" of the states to which they belong and "leaves aside" a few countries not distributed according to areas, such as Persia, Afghanistan, and Arabia in Asia, Morocco and Abyssinia in Africa, etc.

Here is a brief summary of the economic data he quotes on these regions.

Principal economic areas	Area	Pop.	Transport		Trade	Industry		
	Million sq. miles	Millions	Railways (thou. km)	Mercantile fleet (millions tons)	Imports, exports (thous-million marks)	Output		Number of cotton spindles (millions)
						Of coal (mill. tons)	Of pig iron (mill. tons)	
1) Central Europe	27.6 (23.6)	388 (146)	204	8	41	251	15	26
2) Britain	28.9 (28.6)	398 (355)	140	11	25	249	9	51
3) Russia	22	131	63	1	3	16	3	7
4) Eastern Asia	12	389	8	1	2	8	0.02	2
5) America	30	148	379	6	14	245	14	19

NOTE: The figures in parentheses show the area and population of the colonies.

We see three areas of highly developed capitalism (high development of means of transport, of trade and of industry): the Central European, the British and the American areas. Among these are three states which dominate the world: Germany, Great Britain, and the United States. Imperialist rivalry and the struggle between these countries have become extremely keen because Germany has only an insignificant area and few colonies; the creation of "Central Europe" is still a matter for the future, it is being born in the midst of a desperate struggle. For the moment the distinctive feature of the whole of Europe is political disunity. In the British and American areas, on the other hand, political concentration is very highly developed, but there is a vast disparity between the immense colonies of the one and the insignificant colonies of the other. In the colonies, however, capitalism is only beginning to develop. The struggle for South America is becoming more and more acute.

There are two areas where capitalism is little developed: Russia and Eastern Asia. In the former, the population is extremely sparse, in the latter it is extremely dense; in the former political concentration is high, in the latter it does not exist. The partitioning of China is only just beginning, and the struggle for it between Japan, the U.S., etc., is continually gaining in intensity.

Compare this reality — the vast diversity of economic and political conditions, the extreme disparity in the rate of development of the various countries, etc., and the violent struggles among the imperialist states — with Kautsky's silly little fable about "peaceful" ultra-imperialism. Is this not the reactionary attempt of a frightened philistine to hide from stern reality? Are not the international cartels which Kautsky imagines are the embryos of "ultra-imperialism" (in the same way as one "can" describe the manufacture of tablets in a laboratory as ultra-agriculture in embryo) an example of the division *and the redivision* of the world, the transition from peaceful division to non-peaceful division and vice versa? Is not American and other finance capital, which divided the whole world peacefully with Germany's participation in, for example, the international rail syndicate, or in the international mercantile shipping trust, now engaged in *redividing* the world on the basis of a new relation of forces that is being changed by methods *anything but* peaceful?

Finance capital and the trusts do not diminish but increase the differences in the rate of growth of the various parts of the world economy. Once the relation of forces is changed, what other solution of the contradictions can be found *under capitalism* than that of *force*? Railway statistics [\[6\]](#) provide remarkably exact data on the different rates of growth of capitalism and finance capital in world economy. In the last decades of imperialist development, the total length of railways has changed as follows:

	Railways (000 kilometers)					
	1890		1913		+	
Europe	224		346		+122	
U.S.	268		411		+143	
All colonies	82		210		+128	
Independent and semi-independent states of Asia and America	43	125	137	347	+94	+222
<i>Total</i>	617		1,104			

Thus, the development of railways has been most rapid in the colonies and in the independent (and semi-independent) states of Asia and America. Here, as we know, the finance capital of the four or five biggest capitalist states holds undisputed sway. Two hundred thousand kilometres of new railways in the colonies and in the other countries of Asia and America represent a capital of more than 40,000 million marks newly invested on particularly advantageous terms, with special guarantees of a good return and with profitable orders for steel works, etc., etc.

Capitalism is growing with the greatest rapidity in the colonies and in overseas countries. Among the latter, new imperialist powers are emerging (e.g., Japan). The struggle among the world imperialisms is becoming more acute. The tribute levied by finance capital on the most profitable colonial and overseas enterprises is increasing. In the division of this "booty", an exceptionally large part goes to countries which do not always stand at the top of the list in the rapidity of the development of their productive forces. In the case of the biggest countries, together with their colonies, the total length of railways was as follows:

	(000 kilometres)		
	1890	1913	
U.S.	268	413	+145
British Empire	107	208	+101
Russia	32	78	+46
Germany	43	68	+25
France	41	63	+22
<i>Total</i>	491	830	+339

Thus, about 80 per cent of the total existing railways are concentrated in the hands of the five biggest powers. But the concentration of the *ownership* of these railways, the concentration of finance capital, is immeasurably greater since the

French and British millionaires, for example, own an enormous amount of shares and bonds in American, Russian and other railways.

Thanks to her colonies, Great Britain has increased the length of "her" railways by 100,000 kilometres, four times as much as Germany. And yet, it is well known that the development of productive forces in Germany, and especially the development of the coal and iron industries, has been incomparably more rapid during this period than in Britain — not to speak of France and Russia. In 1892, Germany produced 4,900,000 tons of pig-iron and Great Britain produced 6,800,000 tons; in 1912, Germany produced 17,600,000 tons and Great Britain, 9,000,000 tons. Germany, therefore, had an overwhelming superiority over Britain in this respect.^[7] The question is: what means other than war could there be *under capitalism* to overcome the disparity between the development of productive forces and the accumulation of capital on the one side, and the division of colonies and spheres of influence for finance capital on the other?

Footnotes

[1] *Die Neue Zeit*, 1914, 2 (B. 32), S. 909, Sept. 11, 1914; cf. 1915, 2, S. 107 et seq.

[2] Hobson, *Imperialism*, London, 1902, p. 324.

[3] *Die Neue Zeit*, 1914, 2 (B. 32), S. 921, Sept. 11, 1914. Cf. 1915, 2, S. 107 et seq.

[4] *Ibid.*, 1915, 1, S. 144, April 30, 1915.

[5] R. Calwer, *Einführung in die Weltwirtschaft*, Berlin, 1906.

[6] *Statistisches Jahrbuch für das deutsche Reich, 1915; Archiv für Eisenbahnwesen*, 1892. Minor details for the distribution of railways among the colonies of the various countries in 1890 had to be estimated approximately.

[7] Cf. also Edgar Crammond, "The Economic Relations of the British and German Empires" in *The Journal of the Royal Statistical Society*, July 1914, p. 777 et seq.

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Course: Anti-Imperialism, War and Peace

21083, Lenin, Imperialism, the Highest Stage of Capitalism, 1916, Chapter 7

3737 words